

## **Headquarters Military Traffic Management Command**

### **News Release**

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### **FOR IMMEDIATE RELEASE**

### **Military motor, rail carriers:**

# **MTMC puts automatic fuel adjustment in effect**

As scheduled, the Military Traffic Management Command will provide an automatic fuel adjustment for motor carriers and railroads.

The new policy begins April 1.

The last challenge for MTMC was software changes to the Global Freight Management.

"We finished this morning," said Cherie Emerson, coordinator.

In all, two teams of contractors assisted the Global Freight Management team in the development of changes to four processes.

"We are extremely happy and proud of ourselves," said Emerson. "We have met the organization's promise – to have an automatic fuel adjustment in place April 1.

The changes provide shippers and carriers with a statement on the bill of lading that indicates the fuel adjustment has been applied. The adjustment is then electronically applied to the electronic data interchange.

"The shipper can really see what the fuel adjustment is for the shipment," said Emerson. "This data goes to PowerTrack so the entire transaction is documented for the payment."

MTMC carriers will receive the automatic fuel adjustment in times of wildly fluctuating fuel prices.

In the past, motor and rail carriers incurring high diesel costs faced long delays in receiving MTMC fuel adjustment.

Now, MTMC has made adjustments automatic for motor carriers by linking them directly to the price of diesel fuel.

The motor carrier industry has been buffeted by fluctuating fuel prices throughout the past year. Prices for a gallon of diesel fuel ranged from \$1.31-to-\$1.67 a gallon.

The new automatic fuel adjustment policy is a result of a joint MTMC-industry fuel board which included many industry representatives. The board held its first meeting Nov. 30.

Members agreed to use the Department of Energy's weekly fuel price as the governing national standard.

"The policy establishes a baseline fuel price – with a 10-cent per gallon margin," said Tetreault.

"For example, if we establish a fuel baseline of \$1.30 and the price of fuel goes above \$1.40 – they will be automatically entitled to a fuel adjustment."

Industry representatives on the board were enthusiastic.

"The process has been pulled off on schedule and it shows what partnership can achieve," said Terry Head, President, Household Goods Forwarders Association of America, Inc.

"We are lucky the need is not as great as when we started but the policy is now in place – we will need it again. The best thing about the policy is it is automatic. No one needs to ask. It is there."

Landstar's Dave Larson said the new policy is a good military-industry partnership move.

"Every day we are doing business in a true partnership agreement," said Larson. "This is a true partnership arena. Everything is up front."

"We are out of the guessing game stuff. The most important thing we are doing now is providing transportation services in a professional manner. This allows us to focus on providing the best possible service to our customers."

The adjustment is a necessity for military readiness," said Col. Clark Hall, MTMC Chief of Staff, who headed the board.

"We want fair compensation for the drivers of military cargoes," said Hall. "We want to ensure they will be here in time of an emergency."

MTMC has literally thousands of truck and rail cargo movements each year.

The automatic fuel adjustment idea originated during a National Defense Transportation Association committee meeting in New Orleans, in August.

"Our consensus was we should have fuel policy that fairly compensates our industry partners when the price of fuel rises," said Frank Galluzzo, Director, Distribution Analysis Center, which developed the automatic fuel adjustment policy.

Fuel board members included Joe Harrison, of the American Moving & Storage Association; Paul Bomgardner, of the American Trucking Association; Gail Snodgrass, of Union Pacific Railroad; Head; and Larson.